special forces

pension plan

2001 annual report

special forces pension plan

The Special Forces Pension Board is pleased to introduce the Plan's new logo. Three different colors are used in the design. Red and blue clearly associate the Special Forces Pension Plan (SFPP) with the police service. The police service, throughout Alberta, is made up of the finest men and women in the province. The gold represents each member, past and present, who has ever been a part of Alberta's premium services – they are the best of the best. By adding gold to the red and blue, members of Alberta's police services are unified with their pension plan, just as the pension plan is in unity with each member.

The logo is a representation of the uniqueness of its members and of the pension plan. The design is contemporary and balanced while still demonstrating its strength and flexibility. This is also a reflection of the Special Forces Pension Plan.

The Board has the members' and pensioners' best interests in mind and wants to ensure a clear path for your future retirement. This is represented by the lines in the logo. The Special Forces Pension Plan is secure and committed to its members – it will be there for you when the time comes for you to retire. Once you do retire, you can rest assured that your pension will be paid, as promised, for your lifetime or longer.

The Board is dedicated to the needs and goals of you and your colleagues. The Board wants to ensure your devotion and commitment to the work that you do is reflected in the overall image of your pension plan. That's why the new logo is balanced, yet current; understated, yet dynamic.

Ulysess Currie, 2001 Chair
Special Forces Pension Board

mission statement...

The Board will act solely in the interests of stakeholders and Plan sponsors to ensure that the Plan and its assets are managed effectively and efficiently in order to provide a sound financial future for the Plan's beneficiaries and is operated in compliance with legislation and regulations.

The Board will monitor and evaluate its progress on business plan initiatives to ensure that governance, fiduciary and operational responsibilities are met.

table of contents

special forces pension board 1
financial highlights 2
operational highlights 3
message from the chair 4
management discussion and analysis 7
management's responsibility for financial reporting 16
auditor's report 16
financial statements 18
glossary 32

Front cover photos: (Top) courtesy of Edmonton Police Service; **(Bottom)** Courtesy of Lethbridge Police Association, Team "B" **(front row from left to right)**: Sergeant Tim Stobbs, Constable Marco Paglericci, Constable Robin Orsten, Constable Tom Kramer, Constable Shaun Millband and PSD Magnum, Constable David Easter, Staff/Sergeant David Hastie **(back row, left to right)**: Constable Keon Woronuk, Constable Jerry Herasemluk, Constable Rich Kurina, Constable Mike Reeder

Back Cover photos: (Top) courtesy of Edmonton Police Service; **(Bottom)** courtesy of Bernie Steenbergen, Frozen Motion Photography; Daryll Booth, Calgary Police Service

ISSN: 0842-4462 Published by the Special Forces Pension Board Edmonton, Alberta June 2002

plan profile

District 2 Echo Team, Calgary Police Service, (Left to Right):
Dawn Byers, Dan Kostuik, Alex Girvin, Sean Kangarloo, Dwight Sanders, Michelle Hanley, Shawn Goertzen

The Special Forces Pension Plan (SFPP) was established in 1979 as a defined benefit pension plan for municipal police officers in Alberta.

The Plan is governed by a seven-member Board that includes three employee nominees, three employer nominees and one crown nominee.

The Plan serves eight employers, 2,809 members and 1,288 pensioners.

The Plan is financed by member, employer and Government of Alberta contributions and by the investment earnings of the SFPP Fund.

SFPP Fund investments are managed by the Investment Management Division of Alberta Revenue. The Fund has a diversified investment portfolio of bonds, domestic and foreign equity, money market securities, mortgages and real estate.

The Plan is administered by Alberta Pensions Administration (APA) Corporation.

The net assets available for benefits were $1.012 billion as of December 31, 2001.

special forces pension board

The Special Forces Pension Board oversees the management of the Plan.

Provincial legislation requires the offices of Board Chair and Vice-Chair alternate every two years between employee (police association) and employer nominees.

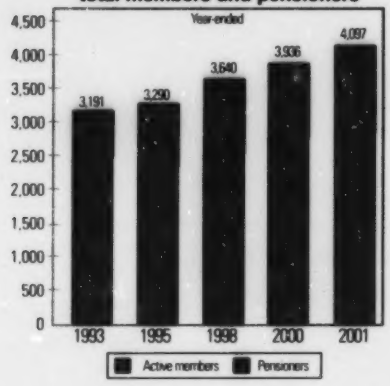
The Board is responsible for setting policy guidelines for the investment and management of the Fund. The Board is also responsible for:

- ensuring current service under the Plan is properly funded;
- setting post-1991 cost-of-living adjustments, contribution rates and benefits;
- making appropriate recommendations for amending or repealing and replacing Plan rules; and
- reviewing administration decisions and ensuring the Plan is effectively administered.

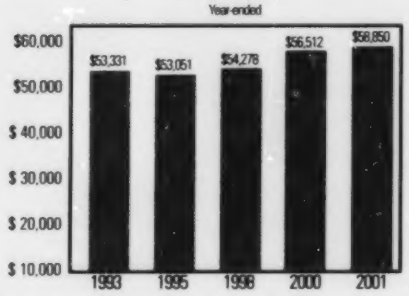
Your 2001 Board Members - from left to right
***Standing:* Al Habstritt**, Calgary, Nominee
Ulysses Carrie-*Chair*, Edmonton, Employee Nominee
Alex Girvin, Calgary, Employee Nominee
***Sitting:* Randy Garvey**, Edmonton, Employer Nominee
Colin Catonio, Lethbridge, Employee Nominee
David Carpenter - *Vice Chair*, Lethbridge, Employer Nominee
Janine Vanderpost, Government of Alberta, Crown Nominee

financial highlights

total members and pensioners



average sfpp member's salary

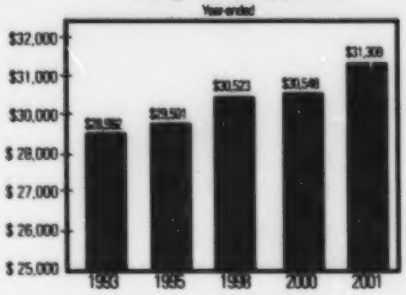


- The market value of the SFPP Fund's assets was $1.011 billion as of December 31, 2001. This was $31 million less than at year-end 2000.
- The SFPP Fund's investment return in 2001 was -2.6%.
- Contributions made to SFPP in 2001 totaled $34.8 million, up from $31.3 million in 2000. This included $15.6 million from active members, $16.9 million from employers, $2.1 million from the Government of Alberta and $0.2 million in transfers of funds from other plans.
- Payments from the Plan in 2001 totaled $40.3 million, up from $37.7 million in 2000. This included $38.9 million in pension benefits, $0.6 million in refunds and transfers and $0.8 million in administration expenses.
- In 2001 SFPP's administration expenses were $192 per member, up from $166 per member in 2000. Higher costs resulted from SFPP's increased contributions to a new pension administration system through the APEX project, increased APA Corporation operating costs and increased plan-specific costs, offset by lower investment management costs.
- The Fund's best-performing asset class in 2001 was fixed income, which gained 8.7% compared to its benchmark of 8.1%.
- The Fund's investments in Canadian equities returned -7.7%, which was significantly better than the TSE 300 Index return of -12.2%.

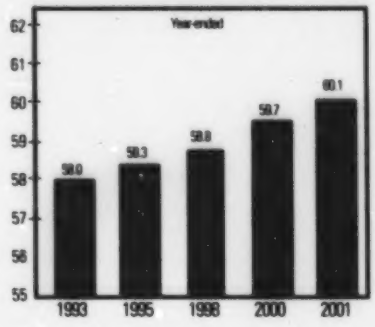
operational highlights

- In 2001 the total of SFPP members (active, deferred and held-on-deposit) increased 4.4% from the previous year to 2,809. The total of SFPP pensioners increased 6.6% to 1,288.
- In 1993, the average age of SFPP members was 38.2 and average service was 14.4 years. In 2001, the average age of members was 39.0 years and average service was 13.4 years.
- The average salary of SFPP members has increased from $53,331 in 1993 to $58,850 in 2001.
- The average age of SFPP pensioners and survivors has increased from 58.0 in 1993 to 60.1 in 2001.
- Average annual pension for SFPP pensioners and survivors has increased from $28,992 in 1993 to $31,309 in 2001.
- The age at hire for SFPP members has increased from 23.7 years of age in 1979 to 25.8 years of age in 1990 to 28.8 years of age in 2001.
- Average age at retirement has decreased from 54.8 years of age in 1979 to 51.9 years of age in 1990 to 50.6 years of age in 2001.
- The Plan's new Web site at *www.sfpp.ca* was launched at the beginning of October, 2001. The site attracted 394 visitors in October, 306 in November and 429 in December. Based on visitor "hits", the pension estimator is the most popular feature on the Web site.

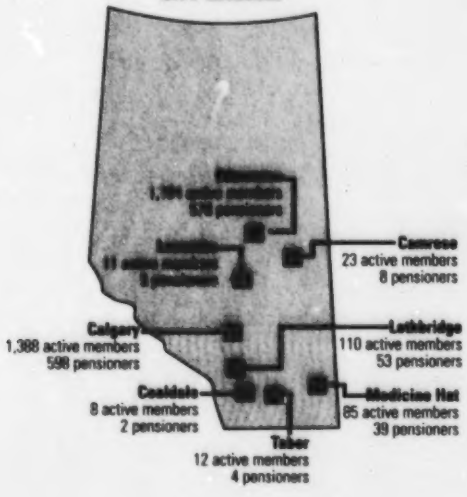
pensioners and survivors
average annual pension



pensioners and survivors
average age



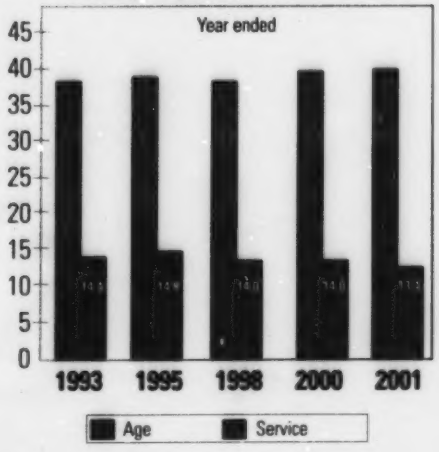
SFPP Locations



Ulysess Currie,
Board Chair - 2001

"Long-term investment performance continues to be on track and the Plan's promise of benefits is secure despite market turbulence."

active members
average age & years of service



investment returns and policy

Last year was a particularly challenging time for the Special Forces Pension Board as world events led to turmoil in the financial markets. The Fund's investment return of -2.6% in 2001 was disappointing because the Plan counts on a long-term average of 7% per year investment gains in its funding assumptions. Prudent actions taken by the Board in advance of the market downturn helped limit losses during the year. Long-term investment performance continues to be on track and the Plan's promise of benefits is secure despite market turbulence.

More than anything else, the year will be remembered for the tragic events of September 11th. Any difficulties our Plan has experienced are extremely minor in comparison to the pain suffered by thousands of victims of the terrorist attacks and their families. Many individuals in the protective services field were among the victims, and others dealt with the daily challenges of the disaster in subsequent rescue and recovery work. Our brethren in the armed forces have also experienced loss in their effort to provide safety to the world.

Even before the attacks, 2001 had not been a good year for capital markets. Losses by year-end were reduced as a result of a rebound in the fourth quarter.

Our investments did better in 2001 than the policy benchmark return of -3.4% which reflects the performance of related investment benchmarks in the same period. In retrospect, the Board's action in late 2000 to limit our investment in any single equity to 10% of the Fund's total holdings in Canadian equities was prudence rewarded, as it limited our exposure to the significant decline in the value of Nortel shares.

The Board recognizes that investment policies and goals are set for the long-term. Over-reacting to short-term fluctuations can be detrimental to long-term performance. With that in mind, the Board is confident that our investment policy ensures the Fund is well-diversified and well-structured to produce competitive returns over the long-run.

plan funding

The next actuarial valuation of the Plan will be performed no later than as at December 31, 2003. The previous valuation was conducted as at December 31, 2000. An extrapolation of the valuation results revealed that, despite the relatively poor performance of the Fund's investments, the Plan's financial status was not significantly affected. According to our actuary, the additional contributions being made to finance the pre-1992 unfunded liability remained adequate for that purpose, and contributions to finance current service costs were a little below what is required. The Board plans to address this latter issue by the time the next actuarial valuation is due. This will involve a review of assumptions and investment policy in conjunction with the Plan's risk profile. The Board will then be in a position to make recommendations regarding funding policy and contribution rates. The Board commits to keep all Plan stakeholders informed on this critical issue.

While the Plan's benefits continue to be secure, the combination of reduced investment returns and increased costs for the Plan as a result of changing demographics rules out the possibility of Plan improvements in 2002.

cola

Each year the Board monitors the capability of the Indexing Fund to adequately provide Cost of Living Adjustments (COLA) for future pensioners on a year-by-year basis. COLA has been granted on all years of service through December 31, 1998, but not for the portion of contributory service in subsequent years. This means that new pensioners will receive COLA based on their years of service before December 31, 1998, but not for the service years since then. The Board is being prudent in its caution with COLA, because COLA can be a major expense for the Plan. COLA on service prior to 1992 was set at the rate of 60% of the Alberta Consumer Price Index increase. The Board, on an ad hoc basis, granted further COLA at that rate on service between 1992 and 1998. We look forward to granting COLA for further years of service when a valuation indicates the Plan's funding is strong enough to allow it.

apex project

The Board is pleased to be participating in the development of a new computerized pension administration system for Alberta public sector pension plans. Known as APEX (Alberta Pensions Excellence), the project will replace the aging systems and technologies with a new system using up-to-date software. The project is on track for SFPP implementation in June 2003. Further information on the APEX project is in the Management Discussion and Analysis of this report and on the Plan's Web site at *www.sfpp.ca* and the APEX site at *www.apex.gov.ab.ca*.

communications

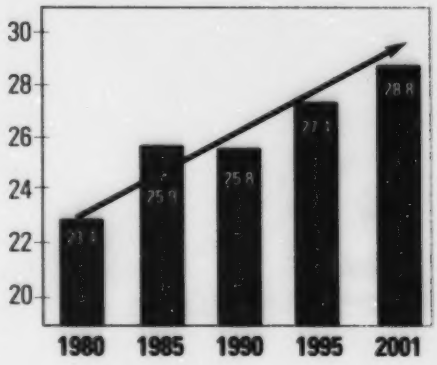
The Plan entered the World Wide Web in October with its own Web site which provides employers, members and pensioners with a wealth of information about the Plan that they can access at their convenience. The most popular feature of the site is the pension estimator which provides estimates based on details entered by the user. The Web site, along with the second annual SFPP Member Newsletter produced in November and the Plan's new logo launched in spring of 2002, are key initiatives of the Board's communication plan to increase awareness and understanding of the Plan among members and other stakeholders. It is important to remember that the Web site does not replace existing communications products and services, but rather presents additional opportunities for enhanced communication.

governance

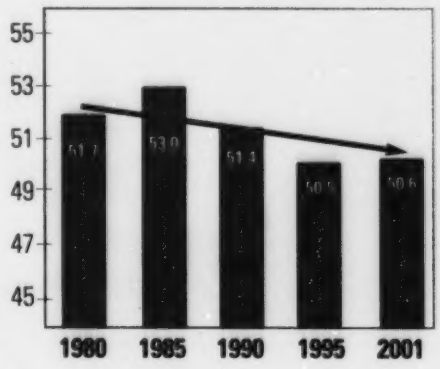
After serving for the past two years as Chair with David Carpenter as Vice-Chair, we now pass the torch on to 2002 Chair Randy Garvey and Vice Chair Colin Catonio. They can count on the full support of all of the Board members. On behalf of the Board, I would like to thank the Minister of Finance, the Auditor General of Alberta, employers, members and pensioners for their interest and support. We also appreciate the ongoing assistance of the Investment Management Division of Alberta Revenue, Alberta Pensions Administration Corporation and all of our professional advisory team.

Ulysses Currie
2001 Chair, *Special Forces Pension Board*

trends - age at hire



trends - age at retirement

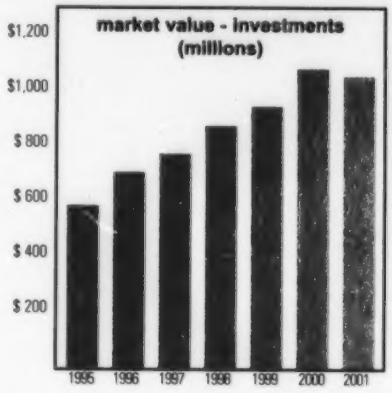


Members of the K-9 Unit,
Calgary Police Service

investment management

Assets of the Special Forces Pension Plan (SFPP) are held in trust by the Minister of Finance and invested for the benefit of the Plan's beneficiaries according to the Statement of Investment Policies and Goals set by the Board. The Investment Management Division (IMD) of Alberta Revenue handles the day-to-day management of investments.

The SFP Board has adopted policies after taking into consideration the future liabilities of the Plan as well as long-term investment return expectations based on historic performance and relationships among asset classes. Ultimately, policies are set to manage investment risk through prudent diversification and quality constraints, while providing an expected return that will enable the Plan to meet its future pension obligations.



the year in review

The past year was a challenging one for investment markets globally. Interest rates declined to yields not seen in decades while equity markets were volatile and ended the year in negative territory.

Against this market backdrop pension funds, including SFPP, experienced a decline in their asset base and deterioration in their funded position. The Plan's net assets decreased in 2001 by $31 million to $1,011 million, due to a combination of investment results and pension plan payments in excess of contributions of $5.5 million.

The impact on the funded status of the Plan, including assets and liabilities, was a projected increase in the unfunded liability from $45.2 million at the end of 2000 to $68.5 million as of December 2001.

While the past year did not meet the investment objectives for the Plan assets, results should be put in a longer term context. Since December 1993, the Fund has generated a return of 9.2% per year and contributed to the improved funded status of the Plan over the longer term.

"Rather than responding to short-term volatility, the Board focuses on longer-term growth prospects."

investment objective

The key element in the financial health of the Plan is the growth of investments to pay for the pensions promised in the future. Investment policies have been implemented so assets will be selected that will grow at least as fast as the liabilities. This is often expressed in terms of a "real rate of return" assumption (that is, return over and above inflation). The Board also manages investment risk through diversification policies and quality constraints. Rather than responding to short-term volatility, the Board focuses on longer-term growth prospects.

The primary investment objective of the Fund is to exceed the return achieved on the policy benchmark over a four-year period. To meet long term funding needs of the Plan, it is expected the asset mix policy set by the Board will generate on average, a real rate of return in excess of 3.75%, which was the real rate

"Poor equity performance was partially offset by strong performance in the fixed income markets."

Asset Mix				
Fixed Income				
Cash & Short term	1.0%	1.0%	1.2%	1.5%
Long term	36.0%	36.0%	35.2%	35.5%
Total	**37.0%**	**37.0%**	**36.4%**	**37.0%**
Equities				
Canadian	26.0%	28.0%	26.5%	27.7%
United States	16.0%	15.0%	16.3%	15.3%
International	16.0%	15.0%	15.9%	15.7%
Real Estate	5.0%	5.0%	4.9%	4.3%
Total	**63.0%**	**63.0%**	**63.6%**	**63.0%**

of return assumption in the most recent actuarial valuation. This objective is longer term in nature and normally assessed over periods of 10 years or longer.

To achieve the long-term funding requirement, the Board has adopted a long-term asset mix policy benchmark of 1.0% cash, 36.0% fixed income, 26.0% Canadian equities, 16.0% US equities, 16.0% EAFE (Europe, Australia and Far East) equities and 5.0% real estate.

In addition, the Board expects active management of a portion of the Fund to generate a result that exceeds the return on the Fund's policy allocation. This will be discussed in more detail in the section on performance.

asset mix policy

The Board is responsible for setting the *Statement of Investment Policies and Goals*, which, among other things, specifies the benchmark asset mix policy – a key policy decision. The asset mix policy determines the percentage allocation to various types of investments, such as fixed income (for example, bonds), Canadian and non-Canadian equities, and real estate. A review of the Statement is undertaken every year to ensure the Fund meets its long-term objectives.

Overall, fixed income and equity allocations remained constant through the year. The Board, however, continued its efforts to gain greater diversification in the equity portfolio by expanding the non-Canadian equity exposure while reducing domestic equity exposure. Comprising just over 2.0% of world stock market capitalization, the Canadian equity market suffers from concentration and a heavy focus on a few industry groups. The Board set the objective of reducing Canadian equities to approximately one-third of the equity portfolio, or 20% of the Fund. These changes should increase the probability of meeting growth requirements by increasing investment opportunity possibilities and diversifying the Plan's equity portfolio. By year-end the move was partially implemented, with Canadian equities trimmed back 2.0% to 26.0% while U.S. and EAFE equities were both increased 1.0% to 16.0%.

implementation of investment policy

Based on the Board's Statement of Investment Policies and Goals, IMD manages the investment of the Plan's assets. IMD offers a wide range of investment products and services to meet the needs of the Plan. Further, IMD operates on a sufficiently large scale that the cost of investing to the Plan is very low compared with other investment organizations in Canada.

The Board monitors IMD's performance in achieving or exceeding the investment policy benchmarks and indicates its satisfaction with the services provided by IMD. Each investment product provided by IMD, and the overall performance of the Fund, are measured against clearly defined market benchmarks. Performance is reviewed quarterly, with emphasis on the one-year and four-year measurement periods.

performance

The Fund's overall investment return in 2001, at -2.6%, was substantially lower than in recent years. The key driver was the generally poor performance of equities globally, with all major equity markets finishing in negative territory over the year. However, poor equity performance was partially offset by strong performance in the fixed income markets – the Fund's fixed income portfolio finished the year with an 8.7% return. Although the Fund did not meet the Board's 3.75% real rate of return assumption in 2001, as indicated earlier, over the past four years the financial status of the Fund has improved as returns have exceeded the real rate of return objective.

IMD's performance over the year was positive when compared with the Fund's investment policy benchmarks. In 2001, IMD earned a -2.6% rate of return on the Fund, versus the -3.4% investment policy benchmark rate of return. On a four-year rolling (annualized) basis, the Fund has earned a 7.1% rate of return, exceeding the policy benchmark return of 6.8% for the same period.

In terms of value added (investment returns over the benchmark) by IMD during 2001, there was modest value added in fixed income and foreign equities. However, the bulk of the value added was achieved through the strong performance of IMD's Canadian equity investments relative to the Canadian equity benchmark.

	Annual Returns			
	2001 %	2000 %	1999 %	1998 %
Total Fund	**-2.6**	**7.4**	**16.5**	**8.1**
Policy Return	-3.4	5.9	15.1	10.4
Consumer Price Index	0.7	3.2	2.5	1.0
Short-term fixed income	**4.9**	**5.8**	**5.0**	**5.0**
SC 91-Day T-Bill Index	4.7	5.5	4.7	4.7
Fixed Income	**8.7**	**10.9**	**-1.0**	**9.2**
SC Universe Bond Index	8.1	10.2	-1.1	9.2
Canadian Equities	**-7.7**	**16.9**	**28.8**	**-3.5**
TSE 300 Index	-12.2	7.4	31.7	-1.6
United States Equities	**-6.7**	**-4.7**	**12.7**	**28.2**
S&P 500 Index	-6.4	-5.8	14.2	38.0
Non-North American Equities	**-16.4**	**-13.4**	**41.7**	**24.9**
MSCI EAFE 500 Index	-16.5	-11.2	20.0	28.8
Real Estate	**8.0**	**7.2**	**7.4**	**12.7**
Russell Canadian Property Index	10.4	11.8	10.7	16.0

	Compound Annualized Returns				
	1yr %	2yr %	3yr %	4yr %	8yr %
Total Fund	**-2.6**	**2.3**	**6.8**	**7.1**	**9.2**
Policy Return	-3.4	1.2	5.6	6.8	9.3
Consumer Price Index	0.7	2.0	2.2	1.9	1.5
Short-term fixed income	**4.9**	**5.3**	**5.2**	**5.2**	**5.5**
SC 91-Day T-Bill Index	4.7	5.1	5.0	4.9	5.1
Fixed Income	**8.7**	**8.7**	**6.1**	**6.8**	**8.1**
SC Universe Bond Index	8.1	9.2	5.6	6.5	7.8
Canadian Equities	**-7.7**	**3.8**	**11.6**	**7.6**	**11.1**
TSE 300 Index	-12.2	-2.9	7.5	5.2	9.5
United States Equities	**-6.7**	**-5.7**	**0.1**	**6.5**	**12.6**
S&P 500 Index	-6.4	-6.1	0.3	8.6	16.7
Non-North American Equities	**-16.4**	**-14.9**	**0.8**	**6.4**	**7.2**
MSCI EAFE 500 Index	-16.5	-13.9	-3.9	3.5	6.1
Real Estate	**8.0**	**7.6**	**7.5**	**8.8**	**9.0**
Russell Canadian Property Index	10.4	11.1	10.9	12.2	10.0

fixed income investments

The fixed income component has allocations to bonds, mortgages and cash. All the components are managed internally within IMD.

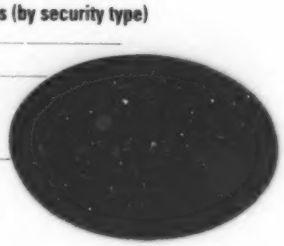
Overall, fixed income investments outperformed their benchmark. Long-term fixed income returned 8.7% versus the Scotia Capital Universe Bond return of 8.1%. The cash and short-term component's return was 4.9%, which was 20 basis points over the ScotiaCapital 91-Day T-bill Index return of 4.7%. Note that there are 100 basis points in one per cent.

canadian equity investments

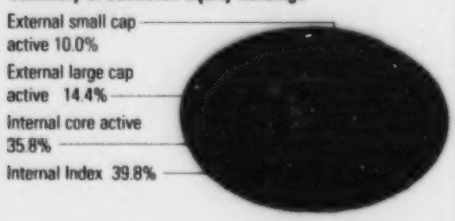
IMD invests the Fund's Canadian equity investments through several strategies, including both passive (index) and active strategies. The TSE 300 index and the core Canadian equity investment strategies are managed internally by IMD while the large cap active strategy, which invests in companies with a large market capitalization, and the small cap active strategy, are managed by external investment advisors. External investment managers are retained and evaluated by IMD.

The Fund's total Canadian equity return was -7.7% versus -12.2% for the Canadian equity benchmark (Note: as of March 31 2001, the benchmark for Canadian equities was changed from the TSE 300 Index to a TSE 300 Capped Index).

fixed income holdings (by security type)



summary of canadian equity holdings



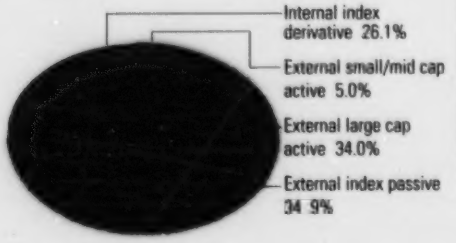
Top 10 Canadian Equity Holdings
December 31, 2001

Company	%
Nortel Networks	4.7
BCE Inc.	4.0
Royal Bank of Canada	4.0
Toronto Dominion Bank	3.7
Bank of Nova Scotia	3.3
Manulife Financial Corp.	3.0
Canadian Imperial Bank of Commerce	2.6
Bank of Montreal	2.2
Sun Life Financial Services	2.1
Bombardier Inc.	2.0

Top 10 US Equity Holdings
December 31, 2001

Company	%
General Electric Co.	3.2
Microsoft Inc.	3.1
Citigroup	2.8
Exxon Mobil Corp.	2.4
Pfizer Inc.	2.3
American International Group Inc.	1.9
Wal-mart Stores	1.7
Intel Corp.	1.6
International Business Machines	1.5
Virizon Communications	1.5

summary of united states equity holdings


Internal index derivative 26.1%
External small/mid cap active 5.0%
External large cap active 34.0%
External index passive 34.9%

With respect to the specific Canadian equity strategies, the Fund's TSE 300 Index strategy outperformed the TSE 300 Index by 50 basis points, returning -12.1% versus the Index benchmark return of -12.6%. IMD's internally managed core Canadian equity product returned -16.7%. However, the underperformance of this product was more than offset by the externally managed Canadian equity products. The external large cap managers returned -3.2%, which was 940 basis points better than the TSE 300 Index benchmark. Also, the external small cap managers returned 11.4%, outperforming the Nesbitt Burns Small Cap Index by 7.9 percentage points.

foreign equity investments

The Fund's foreign equity component is invested in the U.S. and non-North American equity markets. The non-North American investment mandates are either regional (e.g. Europe) where the manager invests solely within a region, or multi-regional (e.g. Europe, Australia and Far East - EAFE) where the manager may invest across the different regions.

u.s. equities

Of the Fund's U.S. equities, 40% are invested through active strategies and 60.0% through passive (index) strategies. Also, a portion of the U.S. equities are invested in an IMD internally managed derivative product to ensure the Fund's compliance with the *Income Tax Act* foreign investment limits. Although the foreign investment limits were increased to 30% in 2001, the derivative strategy has been retained because the Board has increased its foreign equity investments. The remainder of the Fund's U.S. equities are invested actively by external managers.

Overall in 2001, the Fund's U.S. equities returned -6.7%, which was marginally below the Standard and Poor's (S&P) 500 benchmark return of -6.4% (in Canadian dollar terms). With respect to the specific strategies, the internally managed derivative product returned -6.7%, the U.S. index product returned of -6.5%, and the externally managed U.S. active product returned -8.5%.

non-north american equities

The Fund's non-North American equities are invested in both developed and emerging markets. Roughly one-third of non-North American equities are invested passively (index strategies) with a portion in an IMD derivative product in order to manage the Fund's exposure to the *Income Tax Act* foreign investment limits. The remaining two-thirds of these equities are invested actively by external managers.

Performance of non-North American equity markets during 2001 was considerably weaker than other world markets, with the MSCI EAFE benchmark returning -16.5%. The Fund's EAFE equities returned -16.4%, just beating this benchmark.

real estate investments

The Fund's real estate investments provide further diversification relative to the equity and fixed income markets. These investments are primarily in a mix of retail, office and industrial properties, located in major Canadian urban areas. The focus is on quality, featuring strong locations and sound tenants.

The Fund's real estate investments returned 8.0% in 2001. Real estate investment performance is measured against the Russell Canadian Property Index which returned approximately 10.3% in 2001 (Note: The Russell Index is based on net operating income and omits major expenses such as capital expenditures and tenant improvements. In contrast, the Fund's real estate returns are calculated after all expenses have been deducted. If calculated on the same basis as the Russell Index, the Fund's real estate returned 11.7% in 2001).

Top 10 Non-North American Equity Holdings
December 31, 2001

Company	
Vodafone Group	2.9
Glaxosmithkline	2.4
Total Fina Elf	1.8
BP PLC	1.5
Nestle	1.4
Nokia Corporation	1.3
Aventis	1.3
ENI	1.3
Royal Bk Scot Grp	1.2
UBS AG	1.2

administration report

Alberta Pensions Administration Corporation (APA) is the administrative service provider for SFPP. Administrative services include collecting pension contributions and keeping accurate and secure records, as well as paying benefits to pensioners and their spouses, and to members who are leaving the Plan. APA provides information to Plan members and employers, as well as secretariat support services to the SFP Board.

As one of the largest public sector pension plan administrators in Canada, APA administers seven statutory pension plans under the direction of four pension boards and the Government of Alberta, as well as two supplementary retirement plans and one trusteed plan. The Corporation serves 464 employers and approximately 136,000 active members, 52,000 pensioners and 27,000 members who have chosen to defer their benefits.

During 2001, APA focused on two principal goals: 1) providing high quality service to the client pension plans and their members; and 2) achieving performance targets for the successful implementation of the APEX (Alberta Pensions Excellence) Project.

"During the year APA focussed on two basic goals: 1) providing high quality service to client pension plans; and 2) achieving performance targets for the successful implementation of the APEX (Alberta Pensions Excellence) project."

apex project for a new pension administration system

The APEX project is developing a new computerized pension administration system that will enable APA Corporation to increase the quality and efficiency of service it provides to customers. A Strategy Committee with representatives of participating plan boards, APA executive management, the APA Corporate Board and the Government of Alberta reviews and approves overall project direction, schedules, costs, priorities and responsibilities. During 2001, Janina Vanderpost was the SFP Board's representative on the APEX Strategy Committee.

"SFPP is scheduled to move to the new system [APEX] in June 2003, following the Local Authorities Pension Plan and smaller plans in a phased implementation."

The APEX project officially began in April 2001 after contracts were signed with IBM Canada as project manager and CPAS Systems as pension software. At year-end, the project was on schedule and within budget. The SFPP is scheduled to move to the new system in June 2003, following four other public sector plans, in a phased implementation. To prepare for APEX implementation, employers were contacted in early 2002 with information about data input required of them, as well as details on upcoming stages of the project.

In February 2002, Sierra Systems Group Inc. won the contract for the APEX Web Services portion of the project. Through the Web Services project, external stakeholders will obtain information online from APA, as well as conduct business transactions and communicate with APA regarding pension accounts.

interim system changes

While a number of plan changes await the new APEX system, the current system was adapted as required in 2001 to maintain service and implement essential Plan changes.

performance measurements

APA's service performance improved during 2001 as a result of hiring and training new staff in the first part of the year. Staff reached a full complement by the end of the second quarter. However, due to lower performance ratings in the first and second quarter, several performance measures did not meet 2001 targets at the end of the year.

Services that met or exceeded their targets included termination payments, external reciprocal transfers, payment of pension amounts, retirement options, administering direct deposit payments, telephone enquiries and responses to written enquiries.

Measures below standard included pension estimates, optional service costings, appeals, internal reciprocal transfers and acknowledgement of written enquiries. All major areas of service exceeded performance standards by the fourth quarter.

At the end of the first quarter of 2001, 98% of member annual statements for the year 2000 were sent to employers to distribute to members, surpassing the goal of 75%. All of the statements were distributed by the end of the second quarter.

service agreements

In 2001 the Board signed service agreements with IMD and APA. These will assist in establishing an ongoing evaluation process for monitoring performance benchmarks and standards identified in the agreements.

The agreement with APA specifies core and non-core administration services. As a result, the Board has more flexibility to obtain expanded service offerings, and APA is able to plan better to deliver such services.

surveys

Results of the annual Quantitative Service Measurement (QSM) survey of Canadian public sector pension administrators showed APA continues to be one of the most cost-effective pension plan administrators of similar size. APA delivered services at a cost 7% lower than the QSM average. Service standards also compare favorably with other QSM participants.

Results of the annual Employer Survey – as well as new surveys conducted of board members, plan members and pensioners – were tabulated and reported by a professional research firm. They will serve as benchmarks for assessing service performance, trends and needs in the coming years.

In the survey of employers, the overall level of satisfaction in all the plans was 92% (26% very satisfied and 66% satisfied) in 2001, compared to 90% (33% very satisfied and 57% satisfied) in 2000, and 82% (24% very satisfied and 58% satisfied) in 1999.

In the member survey, the overall level of satisfaction among members of all plans was 85% (34% very satisfied and 51% satisfied). Among the pensioners, the overall average was 97% (62% very satisfied and 35% satisfied).

"A popular feature of the new SFPP Web site is the pension estimator..."

employee seminars

During the year, APA provided seven employee seminars for 203 SFPP members. From surveys filled out after the sessions for all plans, the overall response for employee seminars put on by APA was 71% very satisfied and 29% satisfied. Arrangements for employee seminars are made through the employers.

communications

The new SFPP Web site includes content targeted for employers, members and pensioners. A popular feature is the pension estimator which allows members to see an estimate of a future pension based on the scenario of service and salary amounts they enter. The site attracted 1,129 visitors in the last three months of 2001.

In December, the second annual SFPP Member Newsletter was distributed to members by their employers. Last year the SFP Board initiated the Member Newsletter to meet information needs in the middle of the 12-month period after members receive the annual report.

APA provided extensive design and planning services in developing SFPP's new logo and identity program in consultation with the Board and its Communications Committee. The identity program is being implemented in 2002, starting with this annual report.

organizational transformation

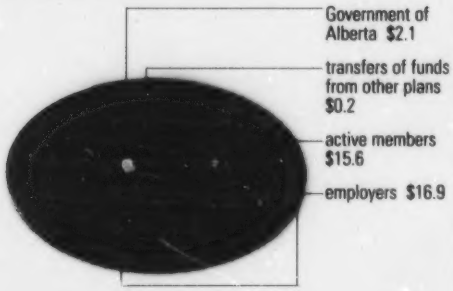
In preparation for dramatic changes associated with the APEX system, transition communication and training commenced in the second half of 2001. This was reflected with an average of 56 hours of training per employee in 2001, up from 42 hours in 2000. The transition initiatives will ensure APA has aligned its people, processes and systems so they are ready to work with the new pension system and adopt a new way of doing business.

APA concluded a new master agreement with the Alberta Union of Provincial Employees Local #118, effective September 1, 2001.

expenses

In 2001, SFPP's expenses included general administration costs, investment costs and actuarial fees totaling $192 per member, compared to $166 per member in 2000. Of this amount, APA's costs were $96 per member, compared to $69 in the previous year. The higher costs reflect SFPP's contributions to the APEX project, increased APA operating costs and increased plan-specific costs, offset by lower investment management costs.

pension contributions ($ millions)
contributions to the Plan totaled $34.8



pension payments ($ millions)
payments from the Plan totaled $40.3

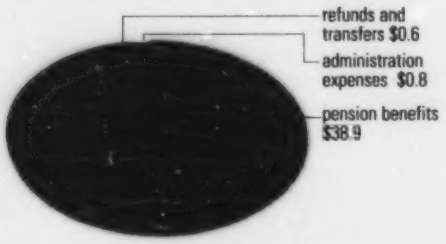


Photo courtesy: Edmonton Police Services

management's responsibility for financial reporting

The financial statements and information in the 2001 Annual Report are the responsibility of the Minister of Finance. These responsibilities are undertaken on behalf of the Minister of Finance by the Investment Management Division (IMD) of Alberta Revenue and Alberta Pensions Administration (APA) Corporation. The financial statements and information in the annual report have been approved by the Board.

The financial statements have been prepared in conformity with Canadian generally accepted accounting principles and, of necessity, include some amounts that are based on estimates and judgements. Financial information presented in the 2001 Annual Report that relates to the operations and financial position of the Public Service Pension Plan is consistent with that in the financial statements.

To discharge their responsibility for the integrity and objectivity of financial reporting, the Minister of Finance and APA maintain a system of internal accounting controls comprising written policies, standards and procedures, and a formal authorization structure.

These systems are designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded.

The Auditor General of Alberta, the Plan's external auditor, provides an independent audit of operations, investments and financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures that allow him to report on the fairness of the financial statements prepared by management.

Peter Kruselnicki, P.Eng.
Deputy Minister of Finance

David Smith
Chief Executive Officer
Alberta Pensions Administration Corporation

auditor's report

To the Special Forces Pension Board

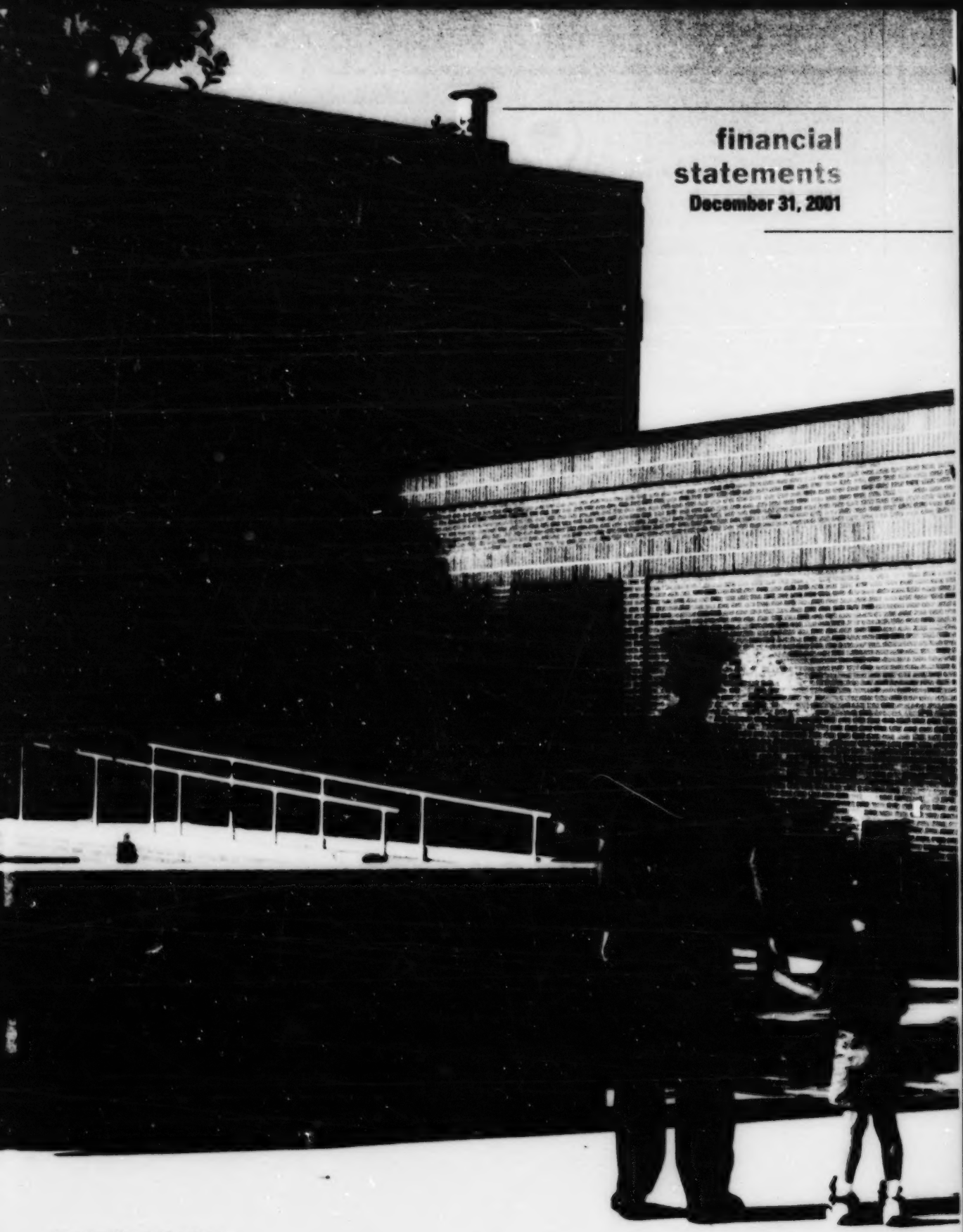
I have audited the statement of net assets available for benefits and accrued benefits of the Special Forces Pension Plan as at December 31, 2001, and the statements of changes in net assets available for benefits, changes in accrued benefits and changes in actuarial deficiency for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 10, 2002

CA
Acting Auditor General



financial statements

December 31, 2001

Photo courtesy Medicine Hat Police Services

Statement of Net Assets Available for Benefits and Accrued Benefits

As at December 31, 2001
($ thousands)

	2001	2000
Net Assets Available for Benefits		
Assets		
Investments (Note 3)	$ 1,010,672	$ 1,042,371
Accounts receivable (Note 6)	1,792	1,512
	1,012,464	1,043,883
Liabilities		
Accounts payable (Note 7)	8	65
Net assets available for benefits	1,012,456	1,043,818
Actuarial adjustment for fluctuation in fair value of net assets	25,188	(47,200)
Actuarial value of net assets available for benefits	$ 1,037,644	$ 996,618
Accrued Benefits		
Actuarial value of accrued benefits (Note 8)		
Plan Fund	$ 1,098,927	$ 1,037,000
Indexing Fund	7,245	4,763
	$ 1,106,172	$ 1,041,763
Actuarial Deficiency (Note 8)		
Plan Fund *	$ (68,528)	$ (45,145)
Indexing Fund	-	-
	$ (68,528)	**$ (45,145)**

* The actuarial deficiency of the Plan Fund is comprised of a pre-1992 deficiency of $64,537,000 (2000 deficiency of $52,500,000) and a post-1991 deficiency of $3,991,000 (2000 actuarial surplus of $7,355,000)

See accompanying notes and schedules.

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2001
($ thousands)

	Plan Fund	Indexing Fund	2001	2000
Increase in assets				
Contributions (Note 9)	$ 32,223	$ 2,559	$ 34,782	$ 31,310
Net investment income (Note 10)	-	-	-	73,808
	32,223	2,559	34,782	105,118
Decrease in assets				
Pension benefits	38,865	-	38,865	36,427
Net investment loss (Note 10)	25,774	77	25,851	-
Refunds and transfers	631	-	631	658
Administration expenses (Note 11)	797	-	797	658
	66,067	77	66,144	37,743
(Decrease) Increase in net assets	(33,844)	2,482	(31,362)	67,375
Net assets available for benefits at beginning of year	1,039,055	4,763	1,043,818	976,443
Net assets available for benefits at end of year	**$ 1,005,211**	**$ 7,245**	**$ 1,012,456**	**$ 1,043,818**

See accompanying notes and schedules.

Statement of Changes in Accrued Benefits

For the year ended December 31, 2001
($ thousands)

	2001			
	Pre-1992	Post-1991	Total	2000
Increase in accrued benefits				
Interest accrued on benefits	$ 49,984	$ 22,177	$ 72,161	$ 67,000
Benefits earned	111	29,151	29,262	24,600
Changes in actuarial assumptions (Note 8)	-	-	-	88,600
Experience gains	-	-	-	3,654
Cost-of-living indexing adjustments and interest	-	2,482	2,482	2,518
	50,095	53,810	103,905	186,372
Decrease in accrued benefits				
Benefits, transfers and interest	35,158	4,338	39,496	38,500
Net increase in accrued benefits	14,937	49,472	64,409	147,872
Accrued benefits at beginning of year	730,600	311,163	1,041,763	893,891
Accrued benefits at end of year (Note 8)	**$ 745,537**	**$ 360,635**	**$ 1,106,172**	**$ 1,041,763**

See accompanying notes and schedules.

Statement of Changes in Actuarial Deficiency

For the year ended December 31, 2001
($ thousands)

	2001			
	Pre-1992	Post-1991	Total	2000
Actuarial (Deficiency) Surplus at beginning of year	$ (52,500)	$ 7,355	$ (45,145)	$ 20,852
(Decrease) Increase in net assets available for benefits	(47,567)	16,205	(31,362)	67,375
Net change in actuarial adjustment for fluctuations in fair value of net assets	50,467	21,921	72,388	14,500
Net increase in accrued benefits	(14,937)	(49,472)	(64,409)	(147,872)
Actuarial (Deficiency) at end of year	**$ (64,537)**	**$ (3,991)**	**$ (68,528)**	**$ (45,145)**

See accompanying notes and schedules.

Note 1
Summary Description of the Plan

The following description of the Special Forces Pension Plan (the Plan) is a summary only. For a complete description of the Plan, reference should be made to the *Public Sector Pension Plans Act*, Chapter P-41, Revised Statutes of Alberta 2000 and Alberta Regulation 369/93, as amended.

(a) General

The Plan is a contributory defined benefit pension plan for police officers employed by participating local authorities in Alberta.

(b) Funding Policy

Plan Fund

Current service costs are funded by employers and employees at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at December 31, 2001 were unchanged at 8.30% of pensionable salary for employers and 7.20% for employees. Rates are to be reviewed at least once every three years by the Special Forces Pension Board (the Board) based on recommendations of the Plan's actuary.

The unfunded liability for service prior to December 31, 1991 as determined by actuarial valuation is being financed by additional contributions from the Province of Alberta, employers and employees. Additional contributions are payable until December 31, 2036 unless the unfunded liability has been previously eliminated. The rates in effect at December 31, 2001 were 1.25% of pensionable salary for the Province of Alberta, and 0.75% each for employers and employees.

Indexing Fund

Benefit payments are funded by post-1991 cost-of-living adjustment (COLA) (see Note 1(i)) contributions from employers and employees at rates that are expected to meet or exceed the funding or solvency requirements of the Plan. The rates in effect at December 31, 2001 were 0.75% of pensionable salary each for employers and employees. Rates are to be reviewed at least once every three years by the Board based on recommendations of the Plan's actuary.

Subject to the *Employment Pension Plans Act*, the Indexing Fund may receive surpluses of the Plan Fund respecting service after 1991.

(c) Retirement Benefits

The Plan provides for a pension of 2.0% for each year of pensionable service based on the average salary of the five highest consecutive years. The maximum service allowable under the Plan is 35 years. Members are entitled to a pension if they have at least 25 years of service or have at least five years of service and attained age 55. Pensions will be reduced at the age of 65.

(d) Disability Benefits

Pensions are payable to members who become totally disabled and retire early with at least five years of service. Reduced pensions are payable to members who become partially disabled and retire early with at least five years of service.

(e) Death Benefits

Death benefits are payable on the death of a member if the member had at least five years of service. Benefits may take the form of a survivor pension, if the beneficiary is a spouse or a dependent minor child, or a lump sum payment. A surviving spouse or the beneficiary of a deceased member with less than five years of service is entitled to receive death benefits in the form of a lump sum payment.

(f) Termination Benefits

Members who terminate with at least five years of service and who are not immediately entitled to a pension may receive a refund of contributions and interest on service prior to 1992 and the commuted value for service after 1991, subject to lock-in provisions. Alternatively, they may elect to receive a deferred pension. Members who terminate with less than five years of service receive a refund of contributions and interest.

(g) Guarantee

Payment of all benefits arising from service before 1994, excluding post-1991 COLA benefits on 1992 and 1993 service (see Note 1 (i)), is guaranteed by the Province of Alberta.

(h) Optional Service and Transfers

All optional service purchases are to be cost-neutral to the Plan.

Reciprocal agreements provide that transferred-in service be on an actuarial reserve basis and transfers-out receive the greater of the termination benefits or commuted value for all service.

(i) Cost-of-Living Adjustments (COLA)

Pensions payable by the Plan Fund are increased each year by 60% of the increase in the Alberta Consumer Price Index for service before 1992. Cost-of-living adjustments for service after 1991 are payable by the Indexing Fund at rates determined by the Board.

(j) Income Taxes

The Plan is a registered pension plan as defined in the *Income Tax Act* and is not subject to income taxes. The Plan's registration number is 0584375.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Plan to

meet future benefit payments and are prepared to assist plan members and others in reviewing the activities of the Plan for the year.

Plan investments are held in pooled investment funds administered by Alberta Revenue. Pooled investment funds have a market-based unit value that is used to allocate income to pool participants and to value purchases and sales of pool units.

The Plan's respective percentage ownership in pooled investment funds at December 31, 2001 is as follows:

	% Ownership	
	2001	**2000**
Internally Managed Pooled Investment Funds		
Canadian Dollar Public Bond Pool	3.7	3.8
Canadian Pooled Equities Fund	4.2	3.9
Domestic Passive Equity Pooled Fund	4.0	1.5
EAFE Structured Equity Pooled Fund	1.7	3.7
Private Equity Pool	6.4	6.4
Private Mortgage Pool	4.4	3.7
Private Real Estate Pool	3.0	3.4
US Passive Equity Pooled Fund	3.6	6.8
United States Pooled Equities Fund	4.5	4.5
Canadian Equity Index (excluding Nortel) Pooled Fund	-	32.0
Floating Rate Note Pool		0.1
Externally Managed Pooled Investment Funds		
Canadian Large Cap Equity Pool	2.2	2.9
Canadian Small Cap Equity Pool	6.3	5.2
EAFE Core Equity Pool	2.8	2.6
EAFE Passive Equity Pool	5.1	5.3
EAFE Plus Equity Pool	2.8	4.1
US Large Cap Equity Pool	2.5	2.7
US Passive Equity Pool	4.1	3.2
US Mid/Small Cap Equity Pool	2.6	2.7

(b) Valuation of Assets and Liabilities

Investments are stated at fair value. The methods used to determine the fair value of investments held either by the Plan or by pooled investment funds are explained in the following paragraphs:

Short-term securities, public fixed income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed income securities and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by Alberta Revenue.

The fair value of private equities is estimated by Alberta Revenue.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers.

The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

(c) Actuarial Value of Net Assets Available for Benefits

To moderate the effects of market volatility on investment value, annual net realized and unrealized gains and losses excluding those arising from derivative transactions are amortized equally over three years commencing at the beginning of the current year.

(d) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

(e) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. At year-end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of investment income.

(f) Valuation of Derivative Contracts

Derivative contracts (see Note 5) include equity and bond index swaps, interest rate swaps, forward foreign exchange contracts, equity index futures contracts and cross-currency interest rate swaps. The value of derivative contracts is included in the fair value of pooled investment funds. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods:

Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.

Interest rate swaps are valued based on discounted cash flows using current market yields.

Forward foreign exchange contracts and equity index futures contracts are based on quoted market prices.

The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency fixed to fixed interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields. Cross-currency fixed to floating interest rate swaps are valued at the principal amount plus accrued interest.

Income and expense from derivative contracts are accrued as earned and included in investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

Note 3
Investments (Schedules A to D)

	2001		2000	
	($ thousands)	%	($ thousands)	%
Fixed Income Securities (Schedule A)				
Deposit in the Consolidated Cash Investment Trust Fund (a)	$ 12,179	1.2	$ 15,985	1.5
Canadian Dollar Public Bond Pool (b)	314,066	31.1	331,840	31.8
Private Mortgage Pool (c)	41,079	4.1	36,166	3.5
Floating Rate Note Pool	-	-	2,294	0.2
Total fixed income securities	367,324	36.4	386,285	37.0
Canadian Equities (Schedule B)				
Domestic Passive Equity Pooled Fund (d)	106,925	10.6	33,290	3.2
Canadian Pooled Equities Fund (e)	92,237	9.1	95,878	9.2
External Managers				
Canadian Large Cap Equity Pool (f)	38,700	3.8	34,476	3.3
Canadian Small Cap Equity Pool (g)	26,747	2.6	25,046	2.4
Private Equity Pool (h)	3,894	0.4	5,097	0.5
Canadian Equity Index (excluding Nortel) Pooled Fund	-	-	94,724	9.1
	268,503	26.5	288,511	27.7
United States Equities (Schedule C)				
External Managers				
US Large Cap Equity Pool (i)	56,204	5.5	47,572	4.6
US Passive Equity Pool (j)	57,669	5.7	36,347	3.5
US Mid/Small Cap Equity Pool (k)	8,296	0.8	6,762	0.6
US Passive Equity Pooled Fund (j)	43,085	4.3	69,041	6.6
United States Pooled Equities Fund	149	-	166	-
	165,403	16.3	159,888	15.3
Non-North American Equities (Schedule D)				
External Managers				
EAFE Core Equity Pool (l)	71,504	7.1	50,426	4.8
EAFE Plus Equity Pool (l)	36,333	3.6	37,089	3.6
EAFE Passive Equity Pool (m)	45,118	4.5	58,533	5.6
EAFE Structured Equity Pooled Fund (n)	6,732	0.7	17,104	1.7
	159,687	15.9	163,152	15.7
Equities in Real Estate				
Private Real Estate Pool (o)	49,755	4.9	44,535	4.3
Total equities	643,348	63.6	656,086	63.0
Total investments	**$ 1,010,672**	**100.0**	**$1,042,371**	**100.0**

Note 3

Investments (Schedules A to D) (continued)

(a) The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. As at December 31, 2001, securities held by the Fund have an average effective market yield of 2.24% per annum (2000: 5.99% per annum).

(b) The Canadian Dollar Public Bond Pool is managed with the objective of providing competitive returns comparable to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and debt related derivatives. Competitive returns are achieved through management of the portfolio duration and sector rotation. As at December 31, 2001, securities held by the Pool have an average effective market yield of 5.34% per annum (2000: 6.07% per annum) and the following term structure based on principal amount: under 1 year 4% (2000: 6%); 1 to 5 years 35% (2000: 37%); 6 to 10 years 31% (2000: 28%); 11 to 20 years 12% (2000: 15%); over 20 years 18% (2000: 14%).

(c) The Private Mortgage Pool is managed with the objective of providing investment returns higher than the Scotia Capital Universe Bond Index over the long term. The portfolio is comprised primarily of high-quality commercial mortgage loans and provincial bond residuals. In order to reduce risk, the pool only invests in loans insured by a federal agency and first-mortgage loans that provide diversification by property usage. As at December 31, 2001, mortgages held by the pool have an average effective market yield of 6.47% per annum (2000: 7.27% per annum) and the following term structure based on principal amount: under 1 year 15% (2000: 8%); 1 to 5 years 17% (2000: 27%); 6 to 10 years 22% (2000: 28%); 11 to 20 years 26% (2000: 23%); over 20 years 20% (2000: 14%).

(d) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Toronto Stock Exchange (TSE) 300 Index. The portfolio is comprised of both publicly traded Canadian equities and structured investments replicating the TSE 300 Index.

(e) The Canadian Pooled Equities Fund is managed with the objective of providing competitive returns comparable to the total return of the TSE 300 Index over a four-year period while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in Canadian corporations. Risk is reduced by prudent security selection and sector rotation.

(f) The External Managers Canadian Large Cap Equity Pool consists of multiple portfolios of publicly traded Canadian equities. Each portfolio is actively managed by an external manager with expertise in the Canadian large cap equity market. The performance objective is to provide investment returns higher than the total return of the TSE 300 Index over a four-year period. Return volatility is reduced through multiple manager investment style and large market capitalization focus.

(g) The External Managers Canadian Small Cap Equity Pool consists of multiple portfolios of publicly traded Canadian equities with a market capitalization of up to 0.15% of the TSE 300 Index total market capitalization at time of purchase. Each portfolio is actively managed by an external manager with expertise in the Canadian small cap equity market. The performance objective is to provide returns higher than the total return of the TSE 300 Index over a four-year period and returns higher than the Nesbitt Burns Small Cap Index over the near term. Return volatility is reduced through multiple manager investment style and small market capitalization focus.

(h) The Private Equity Pool is in the process of orderly liquidation.

(i) The External Managers US Large Cap Equity Pool consists of multiple portfolios of publicly traded United States equities. Each portfolio is actively managed by an external manager with expertise in the US large cap equity market. The performance objective is to provide returns higher than the total return of the Standard & Poor's (S & P) 500 Index over a four-year period. Return volatility is reduced through multiple manager investment style and large market capitalization focus.

(j) The External Managers US Passive Equity Pool consists of a single portfolio of publicly traded United States equities similar in weights to the S & P 500 Index. The portfolio is passively managed by an external manager with expertise in the US equity market. The performance objective is to provide investment returns comparable to the total return of the S & P 500 Index over a four-year period.

The US Passive Equity Pooled Fund is managed internally with the objective of attaining investment returns comparable to S & P 500 Total Return Index

over a four-year period. The portfolio is comprised of publicly traded equities in the United States similar in weights to the S & P 500 Index. To enhance investment returns with no substantial increase in risks, the Pooled Fund also invests in futures, swaps and other structured investments.

(k) The External Managers US Mid/Small Cap Equity Pool consists of a single portfolio of publicly traded United States equities. The portfolio is actively managed by an external manager with expertise in the mid and small cap US equity markets. The performance objective is to provide returns higher than the total return of the Russell 2500 Index over a four-year period.

(l) The External Managers EAFE Core and Plus Equity Pools consist of multiple portfolios of publicly traded Non-North American equities. Each core portfolio is actively managed by an external manager and has constraints on foreign currency management and deviations from the Morgan Stanley Capital International (MSCI) Europe, Australia and Far East (EAFE) Index asset mix by country. The EAFE Plus portfolios are actively managed by external managers with less constraints on country allocation, stock selection, currency management and investments in emerging markets. The performance objective is to provide investment returns higher than the total return of the MSCI EAFE Index over a four-year period. Return volatility is reduced through multiple manager investment style and market diversification.

(m) The External Managers EAFE Passive Equity Pool consists of a single portfolio of Non-North American publicly traded equities that replicate the MSCI EAFE Index. The performance objective is to provide returns comparable to the total return of the MSCI EAFE Index over a four-year period.

(n) The EAFE (Europe, Australia and Far East) Structured Equity Pooled Fund is internally managed with the objective of providing investment returns comparable to the total return of the MSCI EAFE Index. The pooled fund provides exposure to foreign markets in Europe, Australia and the Far East through the use of structured investments such as foreign equity index swaps. The pooled fund also invests in the Floating Rate Note Pool to generate the floating rate cash flows needed for its equity swap obligations

(o) The Private Real Estate Pool is managed with the objective of providing investment returns higher than those attainable from the Russell Canadian Property Index over a four-year period or longer. Real estate is held through intermediary companies which have issued to the Pool common shares and participating debentures secured by a charge on real estate. Risk is reduced by investing in properties that provide diversification by geographic location, by property type and by tenancy. The Pool is intended to provide diversification from the securities market.

Note 4
Investment Risk Management

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return on investments. In order to earn the best possible return at an acceptable level of risk, the Board has established a policy asset mix of 37% fixed income instruments and 63% equities. Investment risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments, and restrictions on amounts exposed to countries designated as emerging markets. Controls are in place respecting the use of derivatives (see Note 5). Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in a foreign currency (see Note 5).

Note 5
Derivative Contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The Plan uses derivative contracts held indirectly through pooled investment funds to enhance return, manage exposure to interest and foreign currency risks, and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

A swap is a contractual agreement between two counter-parties to exchange a series of cash flows based on a notional amount. An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount. Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed-income securities denominated in foreign currency are exchanged for Canadian currency amounts both

initially and at maturity. Over the term of the cross-currency swap, counter-parties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies. There are underlying securities supporting all swaps. Leveraging is not allowed.

Foreign exchange contracts are agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Stock futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified stock index in the future.

The following is a summary of the Plan's proportionate share of the notional amount and fair value of derivative contracts held by pooled funds at December 31, 2001:

	2001		2000	
	Notional Amount	Net Fair Value (a)	Notional Amount	Net Fair Value (a)
	($ thousands)			
Equity index swap contracts	$ 93,625	$ 3,515	$ 114,858	$ (711)
Bond index swap contracts	8,739	4	26,473	166
Interest rate swap contracts	27,472	(1,221)	28,074	(482)
Forward foreign exchange contracts	26,396	54	18,745	(1)
Equity index futures contracts	2,820	96	197	1
	159,052	$ 2,448	188,347	$ (1,027)
Cross-currency interest rate swap contracts (b)	68,626		92,055	
	$ 227,678		$ 280,402	

(a) The method of determining fair value of derivative contracts is described in Note 2 (f).
(b) Cross-currency interest rate swaps are valued as a package, which includes underlying securities. As at December 31, 2001, the combined value of cross-currency interest rate swaps and underlying securities amounted to $69,034,000 (2000 $92,860,000).

The notional amounts, upon which payments are based, are not indicative of the credit risk associated with derivative contracts. Current credit exposure is represented by the current replacement cost of all outstanding contracts in a favourable position (positive fair value). The Plan attempts to limit its credit exposure by dealing with counter-parties believed to have good credit standing.

All derivative contracts mature within one year except for bond index swaps, cross-currency swaps and interest rate swaps with a notional amount of $31,534,000 (2000 $78,595,000) that mature between 1 and 3 years and $24,837,000 (2000 $31,387,000) that mature over 3 years.

Note 6
Accounts Receivable

	2001	2000
	($ thousands)	
Contributions Receivable		
Employers	$ 851	$ 685
Employees	776	635
Province of Alberta	165	192
	$ 1,792	$ 1,512

Note 7
Accounts Payable

	2001	2000
	($ thousands)	
Benefits and refunds	$ 10	$ 16
Administration expenses	(2)	49
	$ 8	$ 65

Note 8
Accrued Benefits

(a) Actuarial Valuation

An actuarial valuation of the Plan was carried out as at December 31, 2000 by William M. Mercer Limited and was then extrapolated by Hewitt and Associates to December 31, 2001. The 2000 valuation was determined using the projected benefit method prorated on service. The assumptions used in the valuation were developed as the best estimate of expected short-term and long-term market conditions and other future events. This estimate was, after consultation with the Plan's actuary, adopted by the Board.

The major assumptions used were:

	December 31	
	2001 Extrapolation	2000 Valuation
	%	%
Investment return	7.0	7.0
Inflation rate	3.25	3.25
Salary escalation rate*	3.75	3.75
Pension cost-of-living increase as a percent of Alberta Consumer Price Index	60	60

* Excludes merit and promotion.

In accordance with the requirements of the *Public Sector Pension Plans Act*, a separate accounting is required of the pension liability with respect to service that was recognized as pensionable as at December 31, 1991. This information is provided in the Statement of Changes in Accrued Benefits, which shows the principal components of the change in the actuarial value of accrued benefits.

Based on the information provided above, the following table summarizes the actuarial value of net assets, accrued benefits, and the resulting deficiency of the Plan Fund as at December 31, 2001:

	2001			2000
	Pre-1992	Post-1991	Total	Total
	($ thousands)			
Plan Fund net assets available for benefits	$ 664,333	$ 340,878	$ 1,005,211	$ 1,039,055
Actuarial adjustment for fluctuation in fair value of net assets	16,667	8,521	25,188	(47,200)
Plan Fund actuarial value of net assets available for benefits	681,000	349,399	1,030,399	991,855
Plan Fund accrued benefits	745,537	353,390	1,098,927	1,037,000
Plan Fund actuarial deficiency	**$ (64,537)**	**$ (3,991)**	**$ (68,528)**	**$ (45,145)**

As at December 31, 2001, the Indexing Fund held investments of $7,245,000 (2000 $4,763,000) with offsetting accrued benefits of the same amount.

(b) Sensitivity of Changes in Major Assumptions

The Plan's future experience will inevitably differ, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the Plan.

The following is a summary of the sensitivities of the Plan's deficiency and current service cost to changes in assumptions used in the actuarial extrapolation at December 31, 2001:

		Sensitivities	
	Changes in Assumptions %	Increase in Plan Deficiency	Increase in Current Service Cost as a % of Pensionable Earnings*
		$ million	
Inflation rate increase holding nominal investment return and salary escalation assumptions constant	1.0%	$ 75.4	0.0%
Salary escalation rate increase holding inflation rate and nominal investment return assumptions constant	1.0%	26.3	1.3%
Investment rate of return decrease holding inflation rate and salary escalation assumptions constant	(1.0%)	176.9	3.6%

* The current service cost as a % of pensionable earnings as determined by the December 31, 2000 valuation is 16.7%.

Note 9
Contributions

	2001	2000
	($ thousands)	
Current and optional service		
Employers	$ 15,625	$ 14,064
Employees	14,292	12,900
Unfunded liability		
Employers	1,279	1,165
Employees	1,279	1,165
Province of Alberta	2,132	1,924
Transfers from other plans	175	92
	$ 34,782	$ 31,310

Note 10
Net Investment (Loss) Income

Net investment (loss) income is comprised of the following:

	2001	2000
	($ thousands)	
Net realized and unrealized (losses) gains on investments	$ (53,607)	$ 30,978
Derivative (loss) income	(12,184)	3,887
Interest income	26,367	31,600
Dividend income	11,816	5,755
Real estate income	2,616	2,281
Securities lending income	174	105
Pooled funds management and associated custodial fees	(1,033)	(798)
	$(25,851)	$73,808

The following is a summary of the Plan's proportionate share of net investment (loss) income by type of investments:

	2001	2000
	($ thousands)	
Deposits and Fixed Income Securities	$ 29,527	$ 38,800
Canadian Equities	(20,229)	62,363
Foreign Equities		
United States	(11,170)	(9,175)
Non-North American	(27,663)	(21,185)
Real Estate	3,684	3,005
	$ (25,851)	$ 73,808

Note 11
Administration Expenses

	2001	2000
	($ thousands)	
General administration costs	$ 587	$ 412
Investment management costs	169	177
Actuarial fees	41	69
	$ 797	$ 658

General administration costs including plan board costs were paid to Alberta Pensions Administration Corporation on a cost-recovery basis.

Investment management costs were paid to Alberta Revenue and do not include pooled funds management and associated custodial fees, which have been deducted in arriving at investment (loss) income (see Note 10).

Total administration expenses amounted to $192 per member (2000 $166 per member). The $26 per member cost increase in 2001 is attributed to the following factors: increase in business process reengineering cost $15, increase in operating cost $12, increase in plan specific cost $3, and decrease in investment management costs $4.

Note 12
Remuneration of Board Members

Remuneration paid to or on behalf of board members, as approved by the Lieutenant Governor in Council, is as follows:

	Chairman	Members
Remuneration rate:		
Up to 4 hours	$ 146	$ 108
4 to 8 hours	249	179
Over 8 hours	395	281
	2001	2000
During 2001, the following amounts were paid:		
Remuneration		
Chair	$ 3,364	$ 3,702
Members (5)*	12,368	15,806
Travel expenses		
Chair	2,045	3,250
Members (6)	19,868	29,615

* Crown representative nominated by the Government of Alberta receives no remuneration.

Note 13
Budget Information

The accrued benefits are based on the Board's best estimates of future events after consultation with the Plan's actuary. Differences between actual results and management's expectations are disclosed as net experience gains and losses in the statement of changes in accrued benefits. Accordingly, a budget is not included in these financial statements.

Note 14
Comparative Figures

Comparative figures have been reclassified to be consistent with the 2001 presentation.

Note 15
Responsibility for Financial Statements

These financial statements were prepared by management and approved by the Board.

Schedule A

Schedule of Investments in Fixed Income Securities

December 31, 2001
($ thousands)

	Plan's Share 2001	2000
Deposits and short-term securities	$ 15,093	$ 21,886
Fixed Income Securities (a)		
Public		
Government of Canada, direct and guaranteed	81,071	85,532
Provincial		
Alberta, direct and guaranteed	1,098	1,114
Other, direct and guaranteed	72,894	72,058
Municipal	5,418	4,623
Corporate	108,546	121,185
Private		
Corporate	79,724	75,387
	348,751	359,899
Receivable from sale of investments and accrued investment income	3,793	4,615
Liabilities for investment purchases	(313)	(115)
	3,480	4,500
	$ 367,324	**$ 386,285**

(a) Fixed income securities held as at December 31, 2001 had an average effective market yield of 5.47% per annum (2000: 6.19% per annum). The following term structure of these securities as at December 31, 2001 is based on principal amount.

	2001 %	2000 %
under 1 year	5	6
1 to 5 years	33	36
6 to 10 years	29	28
11 to 20 years	14	16
over 20 years	19	14
	100	100

Schedule B

Schedule of Investments in Canadian Equities

December 31, 2001
($ thousands)

	Plan's Share 2001	2000
Deposits and short-term securities	$ 4,398	$ 1,950
Public Equities (a) (b)		
Communications and media	13,653	14,848
Conglomerates	4,184	10,421
Consumer products	15,919	15,744
Financial services	69,039	50,202
Gold and precious minerals	8,644	8,091
Industrial products	52,108	79,511
Merchandising	9,856	8,058
Metals and minerals	12,151	11,074
Oil and gas	30,733	37,553
Paper and forest products	6,435	7,122
Pipelines	5,658	9,318
Real estate and construction	2,146	3,192
Transportation and environmental services	7,564	3,533
Utilities	18,165	21,740
	256,255	280,407
Passive index	3,270	716
	259,525	281,123
Private Equities	2,723	3,613
Receivable from sale of investments and accrued investment income	3,323	2,775
Liabilities for investment purchases	(1,466)	(950)
	1,857	1,825
	$ 268,503	**$ 286,511**

(a) The Plan's net investment in Canadian public equities includes the fair value of deposits and floating rate notes, totalling $47,251,000 (2000 $26,988,000) which are used as underlying securities to support the notional amount of Canadian equity index swap contracts.

(b) The industrial classifications are those used by the Toronto Stock Exchange indices.

Schedule C
Schedule of Investments in United States Equities

December 31, 2001
($ thousands)

(a) The Plan's net investment in United States public equities includes the fair value of deposits and floating rate notes, totalling $41,748,000 (2000 $70,412,000), which are used as underlying securities to support the notional amount of US equity index swap contracts and futures contracts.

(b) The industrial classifications are those used by the Standard and Poor's indices.

	Plan's Share 2001	Plan's Share 2000
Deposits and short-term securities	$ 602	$ 69
Public Equities (a) (b)		
Basic materials	6,745	6,611
Commercial services	4,859	4,105
Consumer cyclical	12,212	10,163
Consumer non-cyclical	12,918	11,641
Consumer services	9,478	8,075
Energy	10,978	10,783
Financial	31,946	32,001
Health Care	24,037	22,213
Industrials	6,306	5,824
Technology	31,644	35,116
Telecommunications	7,992	7,593
Transport	974	1,300
Utilities	3,567	5,797
	163,656	161,222
Receivable from sale of investments and accrued investment income	1,423	686
Liabilities for investment purchases	(278)	(2,089)
	1,145	(1,403)
	$ 165,403	$ 159,888

Schedule D
Schedule of Investments in Non-North American Equities

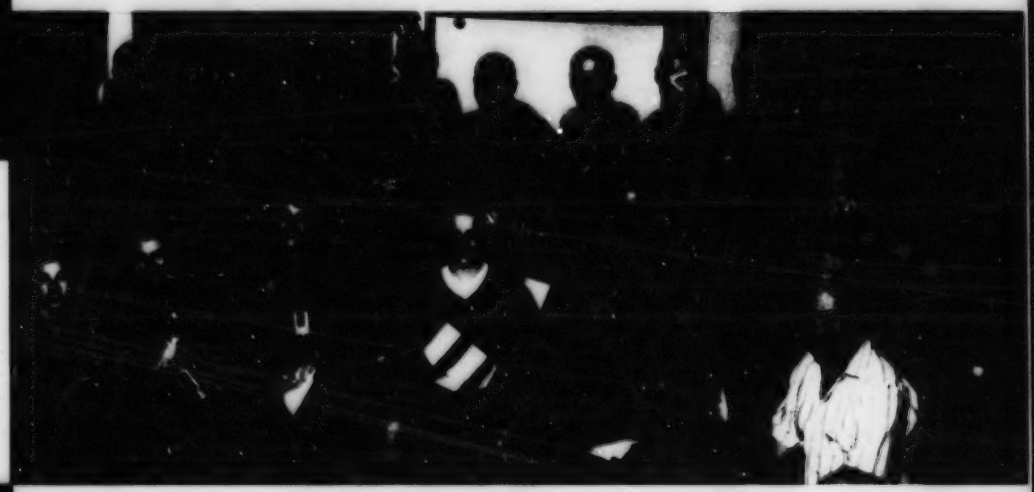
December 31, 2001
($ thousands)

(a) The Plan's net investment in Non-North American public equities includes the fair value of deposits and floating rate notes, totalling $6,441,000 (2000 $17,458,000), which are used as underlying securities to support the notional amount of Non-North American equity index swaps.

	Plan's Share 2001	Plan's Share 2000
Deposits and short-term securities	$ 3,806	$ 1,674
Public Equities (a)		
Country		
United Kingdom	39,238	34,823
Japan	26,516	36,037
France	17,570	17,816
Switzerland	11,272	11,814
Netherlands	11,264	10,439
Germany	10,956	13,681
Australia	5,931	4,991
Italy	5,607	6,899
Hong Kong	5,524	4,896
Spain	4,818	4,480
Sweden	3,052	4,857
Finland	2,941	4,168
Other	10,799	6,925
	155,488	161,826
Receivable from sale of investments and accrued investment income	1,730	588
Liabilities for investment purchases	(1,337)	(936)
	393	(348)
	$159,887	$163,152

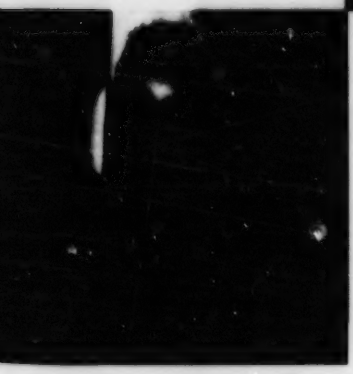
Above photo:
Before Cops for Cancer haircut; Lethbridge Police Service

Below photo:
After Cops for Cancer haircut; Lethbridge Police Service



Above photo:
T.L. Ascroft before Cops for Cancer haircut; Lethbridge Police Service

Below photo:
T.L. Ascroft after Cops for Cancer haircut; Lethbridge Police Service



glossary

Terms

Active Management Strategies
These strategies have two forms — security selection or market timing. Security selection is the buying and selling of securities to earn a return above a market index such as the TSE 300 Index for Canadian stocks. Market timing is based on shifting asset class weights to earn a return above that available from maintaining the asset class exposure of the policy asset mix.

Active Member
A member who is making contributions or, if not making contributions, is on non-contributory leave for up to three years, on approved disability leave, or at the point of maximum pensionable service (35 years).

Asset Mix
The percentage of a plan's assets allocated to the major asset classes (for example, 45% fixed income and 55% equities).

Basis Point
A measurement of fluctuation in the current yield equal to 1/100 of 1%.

Benchmark
A standard against which others are measured. For the purposes of this report, benchmarks are established income indices (listed in percentages) used to measure the health of the Fund's investment returns.

Bond
A promissory note issued by a company or government, which bears a fixed maturity date and rate of return.

Deferred Member
A member who is no longer employed by a Plan employer, has left his/her contributions in the Plan and has yet to choose a pension option.

Emerging Markets
An economy in the earlier stages of development whose markets have sufficient size and liquidity and are receptive to foreign investment. Examples include China, Greece and Brazil.

Equity
Stock; the ownership interest in a company.

External Manager
A third-party firm contracted to provide investment management services.

Guaranteed Terms – Pension Option
A guaranteed pension is paid for the member's lifetime. If the member dies before the end of the guaranteed period, payments will continue to the designated beneficiary(ies) or estate for the rest of that period.

Joint Life – Pension Option
Pension is payable for the joint lives of the member and the member's nominee (usually the spouse). Upon the death of the member or the nominee, payments continue to the survivor for his or her life. Payments to the survivor may be lower than the original payment, depending on the member's choice at retirement.

Large Cap
Investment in larger capitalized firms. Within Canada, companies with a market capitalization of greater than 0.15% of the total Toronto Stock Exchange market capitalization.

Manager Structure
Manager structure refers to the number and mandates given to a plan's investment managers. Manager structures can be built around balanced fund mandates where the manager invests across multiple asset classes (Canadian stocks, Canadian bonds, U.S. and International stocks) or specialty mandates where the manager invests in a single asset class. In the case of a specialty mandate the focus can be very specific such as investing in only Canadian small capitalized companies.

Money Market Securities
Fixed income securities that mature in less than one year. Also known as "cash equivalents" since their marketability and characteristics provide easy liquidity access to ready cash, as needed.

Normal – Pension Option
Pension is paid for member's lifetime. If the member dies before the member's spouse, a reduced pension is paid to the spouse for as long as he or she lives.

Passive Equity
Equity bought as Toronto Index Participation Units (TIPS), allowing a fund to buy into the top 35 companies on the Toronto Stock Exchange.

Passive Strategies
These strategies involve investing to replicate the performance of a given market index such as the TSE 300 for Canadian stocks or managing asset class exposure to match the performance of an established policy asset mix such as 50% TSE 300 Index and 50% Scotia Capital Markets Bond Universe Index.

Pensioner
A member, surviving spouse or beneficiary who is receiving a pension from the Plan.

Policy Asset Mix
The distribution of funds among various types of assets broadly grouped into fixed income and equity related instruments that are specified in the Board's investment policy and offer the highest probability of consistently achieving investment objectives within the confines of a predetermined level of risk.

Policy Benchmark
A performance measure for the Fund, which is composed from the long-term asset mix policy and the benchmark indices for each major asset class.

Product
An investment vehicle, such as bonds, cash, money market securities, equities (both domestic and foreign), pooled funds, index funds, etc., offered by an investment manager for the purpose of investing funds to achieve investment goals set out in an investment policy.

Real Rate of Return
The real rate of return is the return achieved by an asset after adjustments for inflation.

Real Return Bond
A fixed income investment product (a bond) whose return is linked to the real interest rate to generate a specified real rate of return. Related terms: The real interest rate is the nominal (set) interest rate minus inflation. The real rate of return is the return achieved by an asset after adjustments for inflation.

Single Life – Pension Option
Pension is paid for member's lifetime but no payments are made to a beneficiary or estate after the pensioner's death. This option is only available when there is no spouse or the spouse waived rights.

Small Cap
Investment in smaller capitalized firms. Within Canada, companies with a market capitalization of less than 0.15% of the total Toronto Stock Exchange market capitalization.

Statement of Investment Policies and Goals
A policy document set by the Board to establish the asset mix of the Fund, the manner by which the Investment Management Division of Alberta Revenue may invest assets and the specific holding limits for each type of security.

Swap (structured investments)
A contract between two parties to pay the other party the return on an underlying investment.

T-Bill
Short-term government security.

Time-weighted Return
A series of dollar-weighted rates of return designed to reduce the impact of the cashflows on a fund's performance. Since the fund manager usually has little control over the timing of the cashflows, the time-weighted return is used to measure the performance of the fund managers.

Total Return
Measures income (dividend, cash, interest and accrued interest) and capital appreciation (or capital depreciation).

Unfunded Liability
An unfunded liability exists when the actuarial valuation determines that the Fund's accrued liabilities exceed the net assets available for the payment of benefits.

Indices

Consumer Price Index (CPI)
Measures the relative prices at various times of a selected group of goods and services which typify those bought by urban families.

Morgan Stanley Capital International World Index
Measures the total return attributable to the largest capitalized companies on the world's major stock exchanges. Maintained by Morgan Stanley, the index is compiled and reported monthly in local and common currencies.

RT Capital Median Manager
A reference point for measuring Investment Management Division's performance. RT Capital Financial Service Limited conducts surveys of balanced fund managers on a quarterly basis to create the RT Capital Universe. From this, RT Capital Canada determines the median (or middle-ranked) manager. Related Terms: RT Capital (Canada) Financial Services Limited is an independent firm that evaluates and reports on investment performance. A balanced fund is an investment portfolio with a mix of bonds, preferred stocks and common stocks designed to conserve the investor's initial principal, pay current income and achieve long-term growth.

Scotia Capital Universe Bond Index
Measures the total return attributable to bonds. Maintained by ScotiaMcLeod and includes representative bond issues by issuer (Federal, Provincial, Municipal and Corporate) by quality (AAA, AA, A, and BBB) and term (short-, mid-, and long-).

Scotia Capital Markets 91-Day T-Bill Index
Measures the total return attributable to 91-Day T-Bills. Maintained by ScotiaMcLeod.

Standard & Poor's 500 Index
Measures the total return attributable to the 500 largest capitalized companies on U.S. stock exchanges.

TSE 300 Index
Measures the total return attributable to the 300 largest capitalized companies traded on the Toronto Stock Exchange. Maintained by the Toronto Stock Exchange, the index is compiled and reported on a daily basis. The index's composition is adjusted annually.

special forces pension plan

your 2002 board members

Employer Nominees
David Watson, City of Calgary
John Hamill, City of Medicine Hat
Randy Garvey (Chair), City of Edmonton

Employee Nominees
Ulysses Currie, Edmonton Police Association
Colin Catonio (Vice-Chair), Lethbridge Police Association
Alex Girvin, Calgary Police Association

Crown Nominee
Janina Vanderpost, Government of Alberta

Board Secretary
Jim Millard,
Alberta Pensions Administration Corporation

Administrator
Alberta Pensions Administration Corporation

Fund Management
Investment Management Division,
Alberta Revenue

Actuary
Hewitt Associates

Auditor
Auditor General of Alberta

contact board members at:

Special Forces Pension Board
3rd Floor Park Plaza
10611-98 Avenue
Edmonton, Alberta T5K 2P7

Phone: (780) 427-2782
Fax: (780) 427-1621
Toll-free: 1-800-661-8198

e-mail: sfpp.bd@apa.gov.ab.ca
Web site: www.sfpp.ca

web site: www.sfpp.ca